

Message Text

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12/70

ORIGIN NEA-12

INFO OCT-01 CCO-00 RSC-01 SS-20 SSO-00 ISO-00 PRS-01 IO-14

PCH-02 INRE-00 AF-10 EUR-25 H-03 NSCE-00 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 SPC-03 USIE-00 XMB-07

SCEM-02 INT-08 EB-11 AID-20 COME-00 /154 R

DRAFTED BY:NEA/P:WIWRIGHT

APPROVED BY:NEA/P:WIWRIGHT

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IO/P:MR. BLACHLY - EUR/P:MR. SAVAGE

NEA/EGY:MR. ANDERSON - H:MISS FOLGER (INFO)

S/S:MR. GAMMON

----- 129786

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FM SECSTATE WASHDC

TO USINT CAIRO IMMEDIATE

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

USINT ALGIERS

AMEMBASSY JIDDA

AMCONSUL JERUSALEM

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY RABAT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

AMEMBASSY ROME

USMISSION USUN NEW YORK

USMISSION NATO

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USINT BAGHDAD

AMEMBASSY SANAA BY POUCH

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TOSEC 131, ZFF CAIRO ONLY

C O R R E C T E D C O P Y (OMISSION OF TEXT PARA BEGINNING WITH
QTE A. I'M SURE, YOU KNOW, ETC UNQTE LINES 4, 5, AND 6)

E.O. 11652: N/A

TAGS: PFOR

SUBJECT: DEPARTMENT PRESS BRIEFING

CAIRO FOR ASSISTANT SECRETARY SISCO

FOR YOUR INFORMATION AND GUIDANCE FOLLOWING IS PARTIAL
EXCERPT FROM DEPARTMENT SPOKESMAN'S PRESS BRIEFING
DECEMBER 13, 1973:

QUOTE: Q. THERE HAVE BEEN A NUMBER OF REPORTS THAT WHEN
THE MID EAST CONFERENCE BEGINS, IT WILL BEGIN UNDER THE
CHAIRMANSHIP OF THE U.N. SECRETARY GENERAL, AND THEN BE
TURNED OVER TO A U.S.-SOVIET WORKING CHAIRMANSHIP OF A
WORKING COMMITTEE. IS THAT THE WAY WE SEE IT NOW?

A. HES, I'VE SEEN SEVERAL REPORTS WITH VARIATIONS, AND
I'M JUST NOT IN A POSITION HERE TO CLARIFY YOUR THINKING
ON IT YET.

Q. IS THERE A U.S.-SOVIET AGREEMENT AT THIS POINT ON HOW
THIS SHOULD PROCEED?

A. WELL YOU SEE, THAT'S JUST WHAT I CAN'T GO INTO.

A. WELL APPARENTLY THEY CAN GO INTO IT AT THE U.N. WHY
CAN'T YOU?

A. WELL, THAT'S THE WAY IT IS.

Q. DO YOU EXPECT THE UNITED STATES-SOVIET UNION TODAY TO
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TRANSMIT LETTERS TO THE SECRETARY GENERAL, INDICATING THEIR
ACCEPTANCE?

A. CAN'T SAY.

Q. YOU DID TAKE THE QUESTION YESTERDAY ABOUT WHO MIGHT
HEAD THE AMERICAN DELEGATION TO GENEVA -- APART FROM THE
SECRETARY. DO YOU HAVE AN ANSWER ON THAT?

A. NOT YET, NO.

Q. A COUPLE OF DAYS AGO, THERE WAS A REPORT THAT THE
SECRETARY HAS ASKED THE ISRAELIS NOT TO SETTLE THE QUESTIONS
AT KILOMETER 101. IS THERE ANYTHING TO THAT REPORT? I'M

REFERRING TO THE NEWSWEEK PIECE.

A. LET ME SAY TWO THINGS. FOREIGN MINISTER EBAN, I THINK, PRETTY FLATLY DENIED THAT. AND THE BEST I CAN DO FOR YOU HERE IS THAT A HIGH AMERICAN SOURCE, SUBSEQUENT TO THE SURFACING OF THAT REPORT AND THE EBAN DENIAL, HIMSELF HAD THROWN DOWN THE STORY.

Q. IS THE SOURCE IN THE BUILDING, OR IS HE FLYING SOMEWHERE BETWEEN CAIRO AND ALGERIA TODAY?

A. NO COMMENT.

Q. I'D LIKE TO BRING UP ANOTHER MATTER, IF I COULD. THE EXPORT-IMPORT BANK IN THE LAST COUPLE OF WEEKS, HAS GRANTED A PRELIMINARY, HAS GIVEN A PRELIMINARY LETTER OF COMMITMENT TO AN AMERICAN CONSTRUCTION COMPANY FOR A LOAN OF ABOUT \$35 MILLION TO BUILD AN OIL PIPELINE THAT RUNS THE LENGTH OF THE SUEZ CANAL. DOES THE STATE DEPARTMENT BELIEVE THAT IT IS GOOD USE OF AMERICAN GOVERNMENT FUNDS TO GRANT AN AMERICAN COMPANY \$35 MILLION TO BUILD AN OIL PIPELINE IN EGYPT, WHEN THERE IS AN ARAO OIL BOYCOTT THAT IS DEPRIVING THE AMERICAN PUBLIC OF FUEL OIL?

A. I'M SURE, YOU KNOW, THAT EX-IM DOES CLEAR FOREIGN POLICY CONSIDERATIONS WITH THE DEPARTMENT BEFORE GOING POLICY CONSIDERATIONS WITH THE DEPARTMENT BEFORE GOING UNCLASSIFIED

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AHEAD IN THESE MATTERS, AND I'M SURE THAT WAS ALL TAKEN CARE OF. I'M ONLY BARELY AWARE THAT THERE WAS A PRELIMINARY COMMITMENT LETTER TO THE PROJECT SOME TIME BACK. FOR YOUR NOTES HERE, WHAT'S INVOLVED IS THE BECHTEL CORPORATION AND WHAT THEY CALL THE SUMED PROJECT, WHICH BECHTEL IS DISCUSSING NOW WITH THE GOVERNMENT OF EGYPT. THE CONSORTIUM UNDER THE BECHTEL SET-UP HAS BEEN DIRECTLY DISCUSSING THIS WITH EX-IM, AND I'M NOT AWARE THEY HAVE BEEN IN TOUCH WITH US ABOUT IT. BUT HERE I CAN SAY THAT WITH RESPECT TO YOUR QUESTION, WE HAVE ALWAYS BEEN IN FAVOR OF STRENGTHENING ECONOMIC AND COMMERCIAL TIES WITH EGYPT, AND THERE IS NO CHANGE IN THIS POLICY.

Q. CAN YOU GIVE US, OR GET FOR US, SOME EXPLANATION AS TO WHY A PROJECT THAT IS BEING FINANCED BY THE ARAB OIL PRODUCING NATIONS, WHO CERTAINLY HAVE NO SHORTAGE OF DOLLARS, HAS TO BE FINANCED WITH AN EX-IM BANK LOAN? CERTAINLY THERE IS NO HARD CURRENCY NEED ON THE PART OF THE PEOPLE WHO ARE FINANCING THIS PROJECT.

A. WELL, REMEMBER, WE ARE TALKING ABOUT DISCUSSIONS -- AND I'M NOT EVEN SURE WE SHOULD BE TALKING ABOUT THEM BECAUSE IT IS A PRIVATE, BASICALLY A PRIVATE, ARRANGEMENT, WITH

AMERICAN GUARANTEE OF SOME PORTION OF THE COST OF THE INVESTMENT -- THE EXPENDITURES INVOLVED IN THE INVESTMENT. WE ARE TALKING ABOUT THE GOVERNMENT OF EGYPT HERE, NOT THE BIG OIL-PRODUCING COUNTRIES.

Q. BUT THE OIL PRODUCERS ARE FINANCING THIS PIPELINE, THE SAUDIS, BAHREIN, --

A. YES, I UNDERSTAN
THAT, BUT PERHAPS WE ARE GETTING INTO
A RARIFIED AREA OF HIGH FINANCE WHICH I JUST CAN'T EXPLAIN
-- WHERE ADVANTAGES AND DISADVANTAGES ARE NOT ALWAYS EASY
TO PIN DOWN OR SEE, UNLESS YOU ARE TRAINED IN THE ART.

Q. TO ME, THE QUESTION IS FAIRLY SIMPLE. COULD YOU SEEK
AN ANSWER? I DON'T EXPECT YOU TO HAVE IT AT YOUR FINGER-
TIPS.

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A. THAT IS A FAIR QUESTION.

Q. IS IT A LOAN?

A. IT SEEMS TO ME EX-IM'S ROLE IN THIS IS TO FINANCE THE
EXPORT OF AMERICAN MACHINERY AND EQUIPMENT, AND THAT SORT
OF THING. SO, THERE IS AN ADVANTAGE THERE TO THE UNITED
STATES ECONOMY, WHICH HAS TO BE FACTORED IN HERE, TOO.

Q. YES, BUT USUALLY YOU THINK OF EX-IM LOANS TO COUNTRIES
WHICH DON'T HAVE -- WHICH WOULD PERHAPS NOT BUY THE
EQUIPMENT HERE BECAUSE THEY DON'T HAVE THE HARD CURRENCY.
WHAT I'M SUGGESTING IS THAT THOSE COND IONS JUST DON'T
APP;Y HERE. WHO ELSE MAKES THAT EQUIPMENT?

A. WELL, YOU COULD BUY IT IN EUROPE, TOO. I MEAN,
THESE ARE CONSIDERATIONS I CAN'T TAKE INTO ACCOUNT, BUT
I KNOW THE GENERAL RULE APPLIES, AND EX-IM BANK'S CHARTER
IS TO FINANCE AMERICAN EXPORTS.

Q. THE CENTRAL QUESTION WHICH I'D LIKE TO COME OACK TO,
IF I COULD, IS: IS IT FAIR TO CONCLUDE FROM YOUR STATE-
MENT THAT THE UNITED STATES HAS ALWAYS BEEN IN FAVOR OF
STRENGTHENING ECONOMIC AND POLITICAL TIES. COMMERCIAL
TIES -- THAT THE STATE DEPARTMENT SEES NO IMPROPRIETY, OR
NOTHING IN ANY WAY WRONG WITH USING PUBLIC FUNDS AT THIS
TIME TO HELP AN AMERICAN CORPORATION BUILD AN OIL PIPELINE
IN EGYPT/

A. WELL, I REALLY DON'T HAVE ANYTHING TO ADD TO THE
STATEMENT OF POLICY I GAVE YOU HERE.

Q. HAVE THERE BEEN ANY DISCUSSIONS WITH THE EGYPTIANS ON

OTHER ECONOMIC DEVELOPMENT PROJECTS SINCE DR. KISSINGER'S
TALKS WITH PRESIDENT SADAT IN LATE NOVEMBER, I THINK?

A. NOT TO MY KNOWLEDGE, BUT, YOU KNOW, I'M NOT PRIVY TO
ALL THE DISCUSSIONS THAT HAVE BEEN GOING ON HERE, AND
ALSO THIS BUSINESS ABOUT SUMED. THE SUMED PROJECT IS
BASICALLY A PRIVATE ARRANGEMENT WITH THE GOVERNMENT OF
EGYPT, OUR ROLE IN IT BEING THE EX-IM ROLE. WHAT THEY CAN
FINANCE IN THIS, AND WHAT THEY CAN DO, YOU WOULD REALLY
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HAVE TO TALK TO THEM ABOUT THAT. END QUOTE. RUSH

NOTE BY OC/T: CORRECTION POUCHED TO SANAA.

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